

AMENDED IN SENATE AUGUST 20, 2007  
AMENDED IN SENATE JULY 17, 2007  
AMENDED IN SENATE JUNE 26, 2007  
AMENDED IN ASSEMBLY JUNE 1, 2007  
AMENDED IN ASSEMBLY APRIL 17, 2007  
AMENDED IN ASSEMBLY MARCH 29, 2007  
CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 118**

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**Introduced by Assembly Member Nunez**  
*(Principal coauthor: Assembly Member Laird)*

January 9, 2007

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An act to amend Section 16428.3 of the Government Code, to amend, repeal, and add Section 44060 of, ~~and to add Article 11 (commencing with Section 44125) to Chapter 5 of,~~ to add Chapter 8.9 (commencing with Section 44270) to, Part 5 of Division 26 of, ~~and to repeal Section 44091.1 of,~~ the Health and Safety Code, ~~to add Section 25620.16 to the Public Resources Code,~~ and to amend, repeal, and add Sections 9250, 9261, 9853, 14900, and 14900.1 ~~and 9853~~ of the Vehicle Code, relating to fuels.

LEGISLATIVE COUNSEL'S DIGEST

AB 118, as amended, Nunez. Alternative fuels and vehicle technologies: funding programs.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air

Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Under existing law, the ~~state board~~ *State Energy Resources Conservation and Development Commission*, in conjunction with other state agencies, is required to develop and adopt a state plan to increase the use of alternative fuels, as defined.

~~This bill would create the Air Quality Improvement Program, to be administered by the state board, to fund air quality improvement projects, upon appropriation by the Legislature, relating to fuel and vehicle technologies. The bill would create the Air Quality Improvement Fund, and would require the state board to expend the moneys in that fund, upon appropriation by the Legislature, for eligible air quality improvement projects and programs.~~

~~The bill would also create the Alternative and Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Program *Alternative and Renewable Fuel and Vehicle Technology Program*, to be administered by the State Energy Resources Conservation and Development Commission, to provide, upon appropriation by the Legislature, *competitive grants, loans, loan guarantees*, and revolving loans to public agencies, California-based businesses and projects, public-private partnerships, vehicle and technology consortia, *workforce training partnerships*, fleet owners, consumers, *recreational boaters*, and academic institutions to develop *and deploy* innovative technologies that will transform California's fuel and vehicle types *to help attain the state's climate change policies*. ~~The commission and the state board would be required to establish an advisory body to develop investment strategies to help implement this program. The commission, in coordination with the state board and the advisory body, would be required to establish funding criteria and priorities and to review those criteria and priorities annually.~~~~

~~The bill would create the Alternative and Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Fund *Alternative and Renewable Fuel and Vehicle Technology Fund* (Alternative Fund), and would require the commission to expend the moneys in the Alternative Fund, upon appropriation by the Legislature, for eligible projects under the *Alternative and Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Program to implement the Alternative and Renewable Fuel and Vehicle Technology Program*. The bill would transfer to the Alternative Fund specified settlement funds in the amount of \$30,000,000, and would also transfer to the Alternative Fund \$6,500,000 from the Motor Vehicle Account in the State Transportation~~

Fund. The bill would require \$5,000,000 to be transferred annually to the Alternative Fund from the Public Interest Research, Development, and Demonstration Fund.

The bill, until January 1, 2016, would increase vehicle registration fees from \$31 to \$33 ~~\$34~~, vessel registration fees from \$10 to \$20 and from \$20 to \$40, as applicable, and specified service fees for identification plates from \$15 to \$20, ~~and driver’s license fees from \$24 to \$25~~. The bill would require the additional revenue generated by those fee increases to be deposited in the ~~Alternative Fund for the Alternative and Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Program~~ *Alternative and Renewable Fuel and Vehicle Technology Fund*. ~~The~~

*This bill would also create the Air Quality Improvement Program, to be administered by the State Air Resources Board, to fund air quality improvement projects, upon appropriation by the Legislature, relating to fuel and vehicle technologies. The bill would create the Air Quality Improvement Fund, and would require the state board to expend the moneys in that fund, upon appropriation by the Legislature, to implement the Air Quality Improvement Program.*

The bill, until January 1, 2016, would also increase smog abatement fees from \$12 to \$20, and would require ~~half~~ <sup>1/2</sup> of the additional revenue generated by that fee increase to be deposited in the Air Quality Improvement Fund ~~for the Air Quality Improvement Program~~ and the other ~~half~~ <sup>1/2</sup> of that additional revenue to be deposited in the ~~Alternative Fund for the Alternative and Renewable Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Program~~ *Alternative and Renewable Fuel and Vehicle Technology Fund*.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Global Warming Solutions Act of 2006
- 4 (Division 25.5 (commencing with Section 38500) of the Health
- 5 and Safety Code) requires California to reduce statewide
- 6 greenhouse gas emissions to 1990 levels by 2020.
- 7 (b) The transportation sector is responsible for approximately
- 8 40 percent of statewide greenhouse gas emissions.

1 (c) The State Energy Resources Conservation and Development  
2 Commission (Energy Commission) in its Integrated Energy Policy  
3 Report recommends that alternative fuels comprise 20 percent of  
4 on-road motor vehicle fuels by 2020.

5 (d) The State Air Resources Board is currently developing a  
6 “low-carbon” fuel standard for transportation fuels to reduce the  
7 carbon intensity of transportation fuels by 10 percent by 2020.

8 (e) The Energy Commission will adopt a state alternative fuel  
9 implementation plan by June 30, 2007, to increase the use of  
10 alternative transportation fuels by recommending policies and  
11 financial incentives, and identifying barriers to alternative fuel  
12 use.

13 (f) Investing in the development of innovative and pioneering  
14 technologies will assist California in achieving the 2020 statewide  
15 limit on emissions of greenhouse gases.

16 (g) Research, development, and commercialization of alternative  
17 fuels and vehicle technologies in California have the potential to  
18 strengthen California’s economy by ~~providing job growth~~  
19 *attracting and retaining clean technology businesses, stimulating*  
20 *high-quality job growth*, and helping to reduce the state’s  
21 vulnerability to petroleum price volatility. *Research, development,*  
22 *and commercialization of alternative fuels and vehicle technologies*  
23 *will also result in new skill and occupational demands across*  
24 *California industries.*

25 (h) This act will provide ongoing funding for alternative fuel  
26 and vehicle technology research, development, demonstration, and  
27 deployment in order to advance the state’s leadership in clean  
28 technologies, meet the state’s clean air and greenhouse gas  
29 emission reduction standards, develop public-private partnerships,  
30 and ensure an affordable, reliable fuel supply.

31 (i) This act will ensure that research is conducted to evaluate  
32 the air quality impacts of alternative fuels and to establish clear  
33 criteria to prevent net increases in criteria air pollutants and air  
34 toxics.

35 (j) This act will be implemented in a manner to ensure the fair  
36 treatment of people of all races, cultures, and income levels,  
37 including minority populations and low-income populations of the  
38 state.

39 (k) This act will provide funding consistent with the California  
40 Global Warming Solutions Act of 2006, the Integrated Energy

1 Policy Report, the plan adopted pursuant to Section 43866 of the  
2 Health and Safety Code, and other state goals and requirements.

3 SEC. 2. Section 16428.3 of the Government Code is amended  
4 to read:

5 16428.3. (a) Except as provided in subdivision (b) of Section  
6 44273 of the Health and Safety Code, any energy settlement  
7 agreement entered into by the Attorney General, after reimbursing  
8 the Attorney General's litigation and investigation expenses, to  
9 the maximum extent possible, shall direct settlement funds to the  
10 following purposes in priority order:

11 (1) To reduce ratepayer costs of those utility ratepayers harmed  
12 by the actions of the settling parties. To the extent the ratepayers  
13 of the investor-owned utilities were harmed, the settlement funds  
14 shall be directed to reduce their costs, to the maximum extent  
15 possible, through reduction of rates or the reduction of ratepayer  
16 debt obligations incurred as a result of the energy crisis.

17 (2) For deposit in the fund.

18 (b) Nothing in this article shall preclude nonmonetary  
19 compensation to the state through an energy settlement agreement,  
20 provided that the allocation of benefits from any nonmonetary  
21 compensation is consistent with paragraph (1) of subdivision (a).

22 ~~SEC. 3. Section 44060 of the Health and Safety Code is~~  
23 ~~amended to read:~~

24 ~~44060. (a) The department shall prescribe the form of the~~  
25 ~~certificate of compliance or noncompliance, repair cost waivers,~~  
26 ~~and economic hardship extensions.~~

27 ~~(b) The certificates, repair cost waivers, and economic hardship~~  
28 ~~extensions shall be in the form of an electronic entry filed with the~~  
29 ~~department, the Department of Motor Vehicles, and any other~~  
30 ~~person designated by the department. The department shall ensure~~  
31 ~~that the motor vehicle owner or operator is provided with a written~~  
32 ~~report, signed by the licensed technician who performed the~~  
33 ~~inspection, of any test performed by a smog check station,~~  
34 ~~including a pass or fail indication, and written confirmation of the~~  
35 ~~issuance of the certificate.~~

36 ~~(c) (1) The department shall charge a fee to a smog check~~  
37 ~~station, including a test-only station, and a station providing referee~~  
38 ~~functions, for a motor vehicle inspected at that station that meets~~  
39 ~~the requirements of this chapter and is issued a certificate of~~

1 compliance, a certificate of noncompliance, repair cost waiver, or  
2 economic hardship extension.

3 ~~(2) The fee charged pursuant to paragraph (1) shall be calculated~~  
4 ~~to recover the costs of the department and any other state agency~~  
5 ~~directly involved in the implementation, administration, or~~  
6 ~~enforcement of the motor vehicle inspection and maintenance~~  
7 ~~program, and shall not exceed the amount reasonably necessary~~  
8 ~~to fund the operation of the program, including all responsibilities,~~  
9 ~~requirements, and obligations imposed upon the department or~~  
10 ~~any of those state agencies by this chapter, that are not otherwise~~  
11 ~~recoverable by fees received pursuant to Section 44034.~~

12 ~~(3) Except for adjustments to reflect changes in the Consumer~~  
13 ~~Price Index, as published by the United States Bureau of Labor~~  
14 ~~Statistics, the fee for each certificate, waiver, or extension shall~~  
15 ~~not exceed seven dollars (\$7).~~

16 ~~(4) Fees collected by the department pursuant to this subdivision~~  
17 ~~shall be deposited in the Vehicle Inspection and Repair Fund. It~~  
18 ~~is the intent of the Legislature that a prudent surplus be maintained~~  
19 ~~in the Vehicle Inspection and Repair Fund.~~

20 ~~(d) (1) Motor vehicles exempted under paragraph (4) of~~  
21 ~~subdivision (a) of Section 44011 shall be subject to an annual smog~~  
22 ~~abatement fee of twenty dollars (\$20). The department may also,~~  
23 ~~by regulation, subject motor vehicles that are exempted under~~  
24 ~~paragraph (5) of subdivision (a) of Section 44011 to the twenty~~  
25 ~~dollar (\$20) annual smog abatement fee. Payment of the annual~~  
26 ~~smog abatement fee shall be made to the Department of Motor~~  
27 ~~Vehicles at the time of registration of the motor vehicle.~~

28 ~~(2) (A) Except as provided in subdivision (a) of Section~~  
29 ~~44091.1 and subparagraph (B), fees collected pursuant to this~~  
30 ~~subdivision shall be deposited on a daily basis into the Vehicle~~  
31 ~~Inspection and Repair Fund.~~

32 ~~(B) (i) Of the total amount of each fee collected pursuant to~~  
33 ~~paragraph (1), four dollars (\$4) shall be deposited into the Air~~  
34 ~~Quality Improvement Fund created by Section 44270.6.~~

35 ~~(ii) Of the total amount of each fee collected pursuant to~~  
36 ~~paragraph (1), four dollars (\$4) shall be deposited into the~~  
37 ~~Alternative and Renewable Fuel, Vehicle Technology, Carbon~~  
38 ~~Reduction, and Clean Air Fund created by Section 44273.~~

39 ~~(e) The sale or transfer of the certificate, waiver, or extension~~  
40 ~~by a licensed smog check station or test-only station to any other~~

1 licensed smog check station or to any other person, and the  
2 purchase or acquisition of the certificate, waiver, or extension, by  
3 any person, other than from the department, the department's  
4 designee, or pursuant to a vehicle's inspection or repair conducted  
5 pursuant to this chapter, is prohibited.

6 (f) ~~Following implementation of the electronic entry certificate~~  
7 ~~under subdivision (b), the department may require the modification~~  
8 ~~of the analyzers and other equipment required at smog check~~  
9 ~~stations to prevent the entry of a certificate that has not been issued~~  
10 ~~or validated through prepayment of the fee authorized by~~  
11 ~~subdivision (c).~~

12 (g) ~~The fee charged by licensed smog check stations to~~  
13 ~~consumers for a certificate, waiver, or extension shall be the same~~  
14 ~~amount that is charged by the department.~~

15 (h) ~~This section shall remain in effect only until January 1, 2016,~~  
16 ~~and as of that date is repealed, unless a later enacted statute, that~~  
17 ~~is enacted before January 1, 2016, deletes or extends that date.~~

18 ~~SEC. 4. Section 44060 is added to the Health and Safety Code,~~  
19 ~~to read:~~

20 ~~44060. (a) The department shall prescribe the form of the~~  
21 ~~certificate of compliance or noncompliance, repair cost waivers,~~  
22 ~~and economic hardship extensions.~~

23 (b) ~~The certificates, repair cost waivers, and economic hardship~~  
24 ~~extensions shall be in the form of an electronic entry filed with the~~  
25 ~~department, the Department of Motor Vehicles, and any other~~  
26 ~~person designated by the department. The department shall ensure~~  
27 ~~that the motor vehicle owner or operator is provided with a written~~  
28 ~~report, signed by the licensed technician who performed the~~  
29 ~~inspection, of any test performed by a smog check station,~~  
30 ~~including a pass or fail indication, and written confirmation of the~~  
31 ~~issuance of the certificate.~~

32 (c) (1) ~~The department shall charge a fee to a smog check~~  
33 ~~station, including a test-only station, and a station providing referee~~  
34 ~~functions, for a motor vehicle inspected at that station that meets~~  
35 ~~the requirements of this chapter and is issued a certificate of~~  
36 ~~compliance, a certificate of noncompliance, repair cost waiver, or~~  
37 ~~economic hardship extension.~~

38 (2) ~~The fee charged pursuant to paragraph (1) shall be calculated~~  
39 ~~to recover the costs of the department and any other state agency~~  
40 ~~directly involved in the implementation, administration, or~~

1 enforcement of the motor vehicle inspection and maintenance  
2 program, and shall not exceed the amount reasonably necessary  
3 to fund the operation of the program, including all responsibilities,  
4 requirements, and obligations imposed upon the department or  
5 any of those state agencies by this chapter, that are not otherwise  
6 recoverable by fees received pursuant to Section 44034.

7 (3) Except for adjustments to reflect changes in the Consumer  
8 Price Index, as published by the United States Bureau of Labor  
9 Statistics, the fee for each certificate, waiver, or extension shall  
10 not exceed seven dollars (\$7).

11 (4) Fees collected by the department pursuant to this subdivision  
12 shall be deposited in the Vehicle Inspection and Repair Fund. It  
13 is the intent of the Legislature that a prudent surplus be maintained  
14 in the Vehicle Inspection and Repair Fund.

15 (d) (1) Motor vehicles exempted under paragraph (4) of  
16 subdivision (a) of Section 44011 shall be subject to an annual smog  
17 abatement fee of twelve dollars (\$12). The department may also,  
18 by regulation, subject motor vehicles that are exempted under  
19 paragraph (5) of subdivision (a) of Section 44011 to the twelve  
20 dollar (\$12) annual smog abatement fee. Payment of the annual  
21 smog abatement fee shall be made to the Department of Motor  
22 Vehicles at the time of registration of the motor vehicle.

23 (2) Except as provided in subdivision (a) of Section 44091.1,  
24 fees collected pursuant to this subdivision shall be deposited on a  
25 daily basis into the Vehicle Inspection and Repair Fund.

26 (e) The sale or transfer of the certificate, waiver, or extension  
27 by a licensed smog check station or test-only station to any other  
28 licensed smog check station or to any other person, and the  
29 purchase or acquisition of the certificate, waiver, or extension, by  
30 any person, other than from the department, the department's  
31 designee, or pursuant to a vehicle's inspection or repair conducted  
32 pursuant to this chapter, is prohibited.

33 (f) Following implementation of the electronic entry certificate  
34 under subdivision (b), the department may require the modification  
35 of the analyzers and other equipment required at smog check  
36 stations to prevent the entry of a certificate that has not been issued  
37 or validated through prepayment of the fee authorized by  
38 subdivision (e).

1 ~~(g) The fee charged by licensed smog check stations to~~  
2 ~~consumers for a certificate, waiver, or extension shall be the same~~  
3 ~~amount that is charged by the department.~~

4 ~~(h) This section shall become operative on January 1, 2016.~~

5 SEC. 5. ~~Chapter 8.9 (commencing with Section 44270) is~~  
6 ~~added to Part 5 of Division 26 of the Health and Safety Code, to~~  
7 ~~read:~~

8  
9 CHAPTER 8.9. ~~ALTERNATIVE FUEL, CLEAN AIR, AND CARBON~~  
10 ~~REDUCTION PROGRAMS~~

11  
12 ~~44270. This chapter shall be known, and may be cited, as the~~  
13 ~~California Alternative and Renewable Fuel, Vehicle Technology,~~  
14 ~~Clean Air, and Carbon Reduction Act of 2007.~~

15 ~~44270.5. (a) The Air Quality Improvement Program is hereby~~  
16 ~~created to fund, upon appropriation by the Legislature, air quality~~  
17 ~~improvement projects relating to fuel and vehicle technologies.~~  
18 ~~The program shall be administered by the state board in~~  
19 ~~coordination with the commission, and other state agencies that~~  
20 ~~the state board deems appropriate.~~

21 ~~(b) Projects to be funded by the Air Quality Improvement~~  
22 ~~Program shall include, but not be limited to, all of the following:~~

23 ~~(1) Off-road equipment projects that contemplate action not~~  
24 ~~required by control measures adopted by the state board or any~~  
25 ~~other laws to mitigate for criteria air pollutant and toxic air~~  
26 ~~contaminant emissions.~~

27 ~~(2) Projects that provide mitigation for off-road gasoline exhaust~~  
28 ~~and evaporative emissions not currently regulated by the state~~  
29 ~~board.~~

30 ~~(3) Projects that provide research to determine the air quality~~  
31 ~~impacts of alternative fuels and projects that study the life-cycle~~  
32 ~~impacts of alternative fuels and conventional fuels, the emissions~~  
33 ~~of biofuel and advanced reformulated gasoline mixes, and air~~  
34 ~~pollution improvements and control technologies for use with~~  
35 ~~alternative fuels and vehicles.~~

36 ~~(4) Projects that augment the University of California's~~  
37 ~~Agricultural Extension Program for research to increase sustainable~~  
38 ~~biofuels production and improve the collection of biomass~~  
39 ~~feedstock.~~

1 ~~(5) Incentives for small off-road equipment replacement to~~  
2 ~~encourage consumers to replace internal combustion engine lawn~~  
3 ~~and garden equipment.~~

4 ~~(6) Incentives for heavy-duty vehicles and equipment mitigation,~~  
5 ~~including all of the following:~~

- 6 ~~(A) Lower emission schoolbus programs.~~
- 7 ~~(B) Heavy-duty electric off-road equipment.~~
- 8 ~~(C) Regional air quality improvement and attainment programs~~  
9 ~~to assess the most impacted regions of the state.~~

10 ~~(e) The Air Quality Improvement Program may be used to~~  
11 ~~augment the program created by Article 10 (commencing with~~  
12 ~~Section 44100) of Chapter 5.~~

13 ~~44270.6. (a) The Air Quality Improvement Fund is hereby~~  
14 ~~created in the State Treasury, to be administered by the state board.~~  
15 ~~The moneys in the Air Quality Improvement Fund, upon~~  
16 ~~appropriation by the Legislature, shall be expended by the state~~  
17 ~~board in accordance with Section 44270.5.~~

18 ~~(b) Projects proposed for funding pursuant to subdivision (a)~~  
19 ~~shall be evaluated based on their proposed or potential reduction~~  
20 ~~of criteria air pollutants, cost-effectiveness, contribution to regional~~  
21 ~~air quality improvement, and their ability to promote the use of~~  
22 ~~clean alternative fuels as determined by the state board in~~  
23 ~~coordination with the commission.~~

24 ~~44271. (a) There is hereby created the Alternative and~~  
25 ~~Renewable Fuel, Vehicle Technology, Carbon Reduction, and~~  
26 ~~Clean Air Program. The program shall be administered, in~~  
27 ~~accordance with this chapter, by the commission in partnership~~  
28 ~~with the state board and in partnership with other state agencies~~  
29 ~~deemed appropriate by the commission.~~

30 ~~(b) The state board shall adopt and submit to the commission~~  
31 ~~criteria to ensure that the activities undertaken pursuant to the~~  
32 ~~program complement, and do not interfere with, efforts to achieve~~  
33 ~~and maintain federal and state ambient air quality standards and~~  
34 ~~to reduce toxic air contaminant emissions.~~

35 ~~(c) (1) The program shall provide, upon appropriation by the~~  
36 ~~Legislature, grants and revolving loans to public agencies,~~  
37 ~~California-based businesses and projects, public-private~~  
38 ~~partnerships, vehicle and technology consortia, fleet owners,~~  
39 ~~consumers, and academic institutions to develop innovative~~  
40 ~~technologies that will transform California's fuel and vehicle types~~

1 to help attain the state's climate change policies, without adopting  
2 any one preferred fuel or technology.

3 (2) The program shall provide funding complementary to  
4 existing public and private investments, including existing state  
5 programs that further the goals of this chapter.

6 (d) The commission and the state board shall establish an  
7 advisory body to develop investment strategies to help implement  
8 the Alternative and Renewable Fuel, Vehicle Technology, Carbon  
9 Reduction, and Clean Air Program. The advisory body shall have  
10 representatives from the Resources Agency, the Business,  
11 Transportation and Housing Agency, the California Environmental  
12 Protection Agency, fuel and vehicle technology consortia,  
13 environmental justice and public health organizations, consumer  
14 advocates, academic institutions, and private industry.

15 (e) (1) The commission, in coordination with the state board  
16 and the advisory body created pursuant to subdivision (d), shall  
17 establish criteria and priorities for the purpose of allocating funds  
18 under the Alternative and Renewable Fuel, Vehicle Technology,  
19 Carbon Reduction, and Clean Air Program.

20 (2) The commission shall annually review these criteria and  
21 priorities, in coordination with the state board and the advisory  
22 body.

23 (3) Funding criteria and priorities shall reflect a consideration  
24 of all of the following:

25 (A) The extent to which the project significantly increases the  
26 state's ability to meet existing and future state climate change  
27 policy and low-carbon fuel standards, reduces petroleum-based  
28 fuel consumption, and reduces criteria air pollutants and air toxics.

29 (B) The extent to which the project attempts to decrease, on a  
30 life-cycle basis, the emissions of water pollutants or any other  
31 substances known to damage human health or the environment,  
32 in comparison to the production and use of California Phase 2  
33 Reformulated Gasoline or diesel fuel produced and sold pursuant  
34 to California diesel fuel regulations set forth in Article 2  
35 (commencing with Section 2280) of Chapter 5 of Division 3 of  
36 Title 13 of the California Code of Regulations.

37 (C) The project is not otherwise required to be undertaken  
38 pursuant to state or federal law.

- 1     ~~(4) The commission, in partnership with the state board, shall~~  
2     ~~develop sustainability criteria to ensure that any fuel or technology~~  
3     ~~deployment project meets all of the following requirements:~~
  - 4         ~~(A) The project does not adversely impact the state's natural~~  
5         ~~resources.~~
  - 6         ~~(B) The project complies with all applicable laws and~~  
7         ~~regulations.~~
  - 8         ~~(C) A full fuel cycle analysis has been undertaken with regard~~  
9         ~~to the project.~~
- 10    ~~(5) Eligible biomass projects shall not be derived from~~  
11    ~~environmentally sensitive lands protected by state or federal law.~~
- 12    ~~(6) Funding criteria shall be established to prioritize a research~~  
13    ~~development and deployment project that includes, at a minimum,~~  
14    ~~any of the following features:~~
  - 15         ~~(A) The project provides private matching funds.~~
  - 16         ~~(B) The project demonstrates an ability to provide transformative~~  
17         ~~technology advancements.~~
  - 18         ~~(C) The project demonstrates the ability to develop innovative~~  
19         ~~new technology.~~
  - 20         ~~(D) The project promotes California-based technology firms.~~
- 21    ~~44272. Projects to be funded by the Alternative and Renewable~~  
22    ~~Fuel, Vehicle Technology, Carbon Reduction, and Clean Air~~  
23    ~~Program shall include, but not be limited to, all of the following:~~
  - 24         ~~(a) Alternative and renewable fuel research and development~~  
25         ~~projects to improve and develop alternative and low-carbon fuels,~~  
26         ~~including ethanol, dimethyl ether, renewable diesel, natural gas,~~  
27         ~~and biomethane, among others, and their feedstocks that have high~~  
28         ~~potential for long-term or short-term commercialization.~~
  - 29         ~~(b) Alternative and renewable fuel deployment projects that~~  
30         ~~optimize fuels for existing and developing engine technologies,~~  
31         ~~production of alternative and low-carbon fuels in California, and~~  
32         ~~development of less carbon intensive processes for current fuels.~~
  - 33         ~~(c) Technology deployment projects to decrease the overall~~  
34         ~~impact of a fuel's life-cycle carbon footprint and sustainability.~~
  - 35         ~~(d) Alternative and renewable fuel infrastructure, fueling~~  
36         ~~stations, and equipment incentive projects, including revolving~~  
37         ~~loans and grants to small and medium-sized businesses for these~~  
38         ~~purposes.~~
  - 39         ~~(e) Alternative and renewable fuel and efficient vehicle~~  
40         ~~technology research development projects for the improvement~~

1 and development of light-, medium- and heavy-duty vehicle  
2 technologies that provide for better fuel efficiency, alternative fuel  
3 usage and storage, or emission reductions, including propulsion  
4 systems, light weight materials, energy storage, engine optimization  
5 with a target particularly for renewable and low carbon fuels,  
6 electronic and electrified components, hybrid technology, plug-in  
7 hybrid technology, and fuel cell technology.

8 (f) Alternative and renewable fuel and efficient vehicle  
9 technology deployment programs and projects for the  
10 demonstration and deployment of vehicle technologies in California  
11 that accelerate the commercialization of vehicle technology,  
12 including buy-down programs for near-market and market-path  
13 deployments.

14 (g) Revolving loans to small and medium size businesses for  
15 medium- and heavy-duty vehicle fleets to retrofit existing fleets  
16 with technologies that create higher fuel efficiencies, including  
17 idle management technology and aerodynamic retrofits that  
18 decrease fuel consumption.

19 (h) Alternative fuel and electric infrastructure projects that  
20 promote infrastructure development connected with existing fleets,  
21 public transit, and existing transportation corridors.

22 44273. (a) The Alternative and Renewable Fuel, Vehicle  
23 Technology, Carbon Reduction, and Clean Air Fund is hereby  
24 created in the State Treasury, to be administered by the  
25 commission. The moneys in the Alternative and Renewable Fuel,  
26 Vehicle Technology, Carbon Reduction, and Clean Air Fund, upon  
27 appropriation by the Legislature, shall be expended by the  
28 commission in accordance with Sections 44271 and 44272.

29 (b) (1) For the purposes of this subdivision, “Williams  
30 settlement funds” means any moneys obtained, and any interest  
31 generated on the moneys, through the settlement of litigation with  
32 The Williams Companies, Inc. and Williams Energy Marketing  
33 & Trading Company, made and entered into as of November 11,  
34 2002.

35 (2) Notwithstanding Section 16428.3 of the Government Code  
36 and any other provision of law, of the Williams settlement funds  
37 deposited in the Ratepayer Relief Fund, the sum of thirty million  
38 dollars (\$30,000,000) is hereby transferred to the Alternative and  
39 Renewable Fuel, Vehicle Technology, Carbon Reduction, and  
40 Clean Air Fund.

1 ~~(e) The sum of six million five hundred thousand dollars~~  
2 ~~(\$6,500,000) is hereby transferred from the Motor Vehicle Account~~  
3 ~~in the State Transportation Fund to the Alternative and Renewable~~  
4 ~~Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Fund.~~

5 ~~(d) Notwithstanding any other provision of law, the sum of five~~  
6 ~~million dollars (\$5,000,000) shall be transferred annually from the~~  
7 ~~Public Interest Research, Development, and Demonstration Fund~~  
8 ~~created by Section 384 of the Public Utilities Code to the~~  
9 ~~Alternative and Renewable Fuel, Vehicle Technology, Carbon~~  
10 ~~Reduction, and Clean Air Fund.~~

11 ~~SEC. 6. Section 25620.16 is added to the Public Resources~~  
12 ~~Code, to read:~~

13 ~~25620.16. Notwithstanding any other provision of law, the sum~~  
14 ~~of five million dollars (\$5,000,000) shall be transferred annually~~  
15 ~~from the Public Interest Research, Development, and~~  
16 ~~Demonstration Fund to the Alternative and Renewable Fuel,~~  
17 ~~Vehicle Technology, Carbon Reduction, and Clean Air Fund~~  
18 ~~created by Section 44273 of the Health and Safety Code.~~

19 ~~SEC. 3. Section 44060 of the Health and Safety Code is~~  
20 ~~amended to read:~~

21 44060. (a) The department shall prescribe the form of the  
22 certificate of compliance or noncompliance, repair cost waivers,  
23 and economic hardship extensions.

24 (b) The certificates, repair cost waivers, and economic hardship  
25 extensions shall be in the form of an electronic entry filed with the  
26 department, the Department of Motor Vehicles, and any other  
27 person designated by the department. The department shall ensure  
28 that the motor vehicle owner or operator is provided with a written  
29 report, signed by the licensed technician who performed the  
30 inspection, of any test performed by a smog check station,  
31 including a pass or fail indication, and written confirmation of the  
32 issuance of the certificate.

33 (c) (1) The department shall charge a fee to a smog check  
34 station, including a test-only station, and a station providing referee  
35 functions, for a motor vehicle inspected at that station that meets  
36 the requirements of this chapter and is issued a certificate of  
37 compliance, a certificate of noncompliance, repair cost waiver, or  
38 economic hardship extension.

39 (2) The fee charged pursuant to paragraph (1) shall be calculated  
40 to recover the costs of the department and any other state agency

1 directly involved in the implementation, administration, or  
2 enforcement of the motor vehicle inspection and maintenance  
3 program, and shall not exceed the amount reasonably necessary  
4 to fund the operation of the program, including all responsibilities,  
5 requirements, and obligations imposed upon the department or  
6 any of those state agencies by this chapter, that are not otherwise  
7 recoverable by fees received pursuant to Section 44034.

8 (3) Except for adjustments to reflect changes in the Consumer  
9 Price Index, as published by the United States Bureau of Labor  
10 Statistics, the fee for each certificate, waiver, or extension shall  
11 not exceed seven dollars (\$7).

12 (4) Fees collected by the department pursuant to this subdivision  
13 shall be deposited in the Vehicle Inspection and Repair Fund. It  
14 is the intent of the Legislature that a prudent surplus be maintained  
15 in the Vehicle Inspection and Repair Fund.

16 (d) (1) Motor vehicles exempted under paragraph (4) of  
17 subdivision (a) of Section 44011 shall be subject to an annual smog  
18 abatement fee of ~~twelve dollars (\$12)~~ *twenty dollars (\$20)*. The  
19 department may also, by regulation, subject motor vehicles that  
20 are exempted under paragraph (5) of subdivision (a) of Section  
21 44011 to the ~~twelve dollar (\$12)~~ *twenty dollar (\$20)* annual smog  
22 abatement fee. Payment of the annual smog abatement fee shall  
23 be made to the Department of Motor Vehicles at the time of  
24 registration of the motor vehicle.

25 ~~(2) Except as provided in subdivision (a) of Section 44091.1,~~  
26 ~~fees collected pursuant to this subdivision shall be deposited on a~~  
27 ~~daily basis into the Vehicle Inspection and Repair Fund.~~

28 (2) *Fees collected pursuant to this subdivision shall be deposited*  
29 *as follows:*

30 (A) *The revenues generated by six dollars (\$6) of the fee shall*  
31 *be deposited in the Air Pollution Control Fund, and shall be*  
32 *available for expenditure, upon appropriation by the Legislature,*  
33 *to fund the Carl Moyer Memorial Air Quality Standards Attainment*  
34 *Program (Chapter 9 (commencing with Section 44275)) to the*  
35 *extent that the state board or a participating district determines*  
36 *the moneys are expended to mitigate or remediate the harm caused*  
37 *by the type of motor vehicle on which the fee is imposed.*

38 (B) *The revenues generated by four dollars (\$4) of the fee shall*  
39 *be deposited in the Air Quality Improvement Fund created by*  
40 *Section 44274.5.*

1 (C) The revenues generated by four dollars (\$4) of the fee shall  
 2 be deposited into the Alternative and Renewable Fuel and Vehicle  
 3 Technology Fund created by Section 44273.

4 (D) (i) Except as provided in clause (ii), of the revenue  
 5 generated by the remaining six dollars (\$6) of the fee, four dollars  
 6 (\$4) shall be deposited in the High Polluter Repair or Removal  
 7 Account created by Section 44091, and the revenue generated by  
 8 the remaining two dollars (\$2) shall be deposited in the Vehicle  
 9 Inspection and Repair Fund.

10 (ii) All revenue generated by the remaining six dollars (\$6) of  
 11 the fee that is imposed at first registration of a motor vehicle that  
 12 is exempted under paragraph (4) of subdivision (a) of Section  
 13 44011 shall be deposited in the High Polluter Repair or Removal  
 14 Account created by Section 44091.

15 (e) The sale or transfer of the certificate, waiver, or extension  
 16 by a licensed smog check station or test-only station to any other  
 17 licensed smog check station or to any other person, and the  
 18 purchase or acquisition of the certificate, waiver, or extension, by  
 19 any person, other than from the department, the department's  
 20 designee, or pursuant to a vehicle's inspection or repair conducted  
 21 pursuant to this chapter, is prohibited.

22 (f) Following implementation of the electronic entry certificate  
 23 under subdivision (b), the department may require the modification  
 24 of the analyzers and other equipment required at smog check  
 25 stations to prevent the entry of a certificate that has not been issued  
 26 or validated through prepayment of the fee authorized by  
 27 subdivision (c).

28 (g) The fee charged by licensed smog check stations to  
 29 consumers for a certificate, waiver, or extension shall be the same  
 30 amount that is charged by the department.

31 (h) This section shall remain in effect only until January 1, 2016,  
 32 and as of that date is repealed, unless a later enacted statute, that  
 33 is enacted before January 1, 2016, deletes or extends that date.

34 SEC. 4. Section 44060 is added to the Health and Safety Code,  
 35 to read:

36 44060. (a) The department shall prescribe the form of the  
 37 certificate of compliance or noncompliance, repair cost waivers,  
 38 and economic hardship extensions.

39 (b) The certificates, repair cost waivers, and economic hardship  
 40 extensions shall be in the form of an electronic entry filed with the

1 department, the Department of Motor Vehicles, and any other  
2 person designated by the department. The department shall ensure  
3 that the motor vehicle owner or operator is provided with a written  
4 report, signed by the licensed technician who performed the  
5 inspection, of any test performed by a smog check station, including  
6 a pass or fail indication, and written confirmation of the issuance  
7 of the certificate.

8 (c) (1) The department shall charge a fee to a smog check  
9 station, including a test-only station, and a station providing  
10 referee functions, for a motor vehicle inspected at that station that  
11 meets the requirements of this chapter and is issued a certificate  
12 of compliance, a certificate of noncompliance, repair cost waiver,  
13 or economic hardship extension.

14 (2) The fee charged pursuant to paragraph (1) shall be  
15 calculated to recover the costs of the department and any other  
16 state agency directly involved in the implementation,  
17 administration, or enforcement of the motor vehicle inspection  
18 and maintenance program, and shall not exceed the amount  
19 reasonably necessary to fund the operation of the program,  
20 including all responsibilities, requirements, and obligations  
21 imposed upon the department or any of those state agencies by  
22 this chapter, that are not otherwise recoverable by fees received  
23 pursuant to Section 44034.

24 (3) Except for adjustments to reflect changes in the Consumer  
25 Price Index, as published by the United States Bureau of Labor  
26 Statistics, the fee for each certificate, waiver, or extension shall  
27 not exceed seven dollars (\$7).

28 (4) Fees collected by the department pursuant to this subdivision  
29 shall be deposited in the Vehicle Inspection and Repair Fund. It  
30 is the intent of the Legislature that a prudent surplus be maintained  
31 in the Vehicle Inspection and Repair Fund.

32 (d) (1) Motor vehicles exempted under paragraph (4) of  
33 subdivision (a) of Section 44011 shall be subject to an annual  
34 smog abatement fee of twelve dollars (\$12). The department may  
35 also, by regulation, subject motor vehicles that are exempted under  
36 paragraph (5) of subdivision (a) of Section 44011 to the twelve  
37 dollar (\$12) annual smog abatement fee. Payment of the annual  
38 smog abatement fee shall be made to the Department of Motor  
39 Vehicles at the time of registration of the motor vehicle.

1 (2) Fees collected pursuant to this subdivision shall be deposited  
2 as follows:

3 (A) The revenues generated by six dollars (\$6) of the fee shall  
4 be deposited in the Air Pollution Control Fund, and shall be  
5 available for expenditure, upon appropriation by the Legislature,  
6 to fund the Carl Moyer Memorial Air Quality Standards Attainment  
7 Program (Chapter 9 (commencing with Section 44275)) to the  
8 extent that the state board or a participating district determines  
9 the moneys are expended to mitigate or remediate the harm caused  
10 by the type of motor vehicle on which the fee is imposed.

11 (B) (i) Except as provided in clause (ii), of the revenue generated  
12 by the remaining six dollars (\$6) of the fee, four dollars (\$4) shall  
13 be deposited in the High Polluter Repair or Removal Account  
14 created by Section 44091, and the revenue generated by the  
15 remaining two dollars (\$2) shall be deposited in the Vehicle  
16 Inspection and Repair Fund.

17 (ii) All revenue generated by the remaining six dollars (\$6) of  
18 the fee that is imposed at first registration of a motor vehicle that  
19 is exempted under paragraph (4) of subdivision (a) of Section  
20 44011 shall be deposited in the High Polluter Repair or Removal  
21 Account created by Section 44091.

22 (e) The sale or transfer of the certificate, waiver, or extension  
23 by a licensed smog check station or test-only station to any other  
24 licensed smog check station or to any other person, and the  
25 purchase or acquisition of the certificate, waiver, or extension, by  
26 any person, other than from the department, the department's  
27 designee, or pursuant to a vehicle's inspection or repair conducted  
28 pursuant to this chapter, is prohibited.

29 (f) Following implementation of the electronic entry certificate  
30 under subdivision (b), the department may require the modification  
31 of the analyzers and other equipment required at smog check  
32 stations to prevent the entry of a certificate that has not been issued  
33 or validated through prepayment of the fee authorized by  
34 subdivision (c).

35 (g) The fee charged by licensed smog check stations to  
36 consumers for a certificate, waiver, or extension shall be the same  
37 amount that is charged by the department.

38 (h) This section shall become operative on January 1, 2016.

39 SEC. 5. Section 44091.1 of the Health and Safety Code is  
40 repealed.

1 44091.1. Commencing January 1, 2005, the fee specified in  
2 paragraph (1) of subdivision (d) of Section 44060 shall be twelve  
3 dollars (\$12). The revenues from that fee shall be allocated as  
4 follows:

5 (a) ~~The revenues generated by six dollars (\$6) of the fee shall~~  
6 ~~be deposited in the Air Pollution Control Fund, and shall be~~  
7 ~~available for expenditure, upon appropriation by the Legislature,~~  
8 ~~to fund the Carl Moyer Memorial Air Quality Standards Attainment~~  
9 ~~Program (Chapter 9 (commencing with Section 44275)) to the~~  
10 ~~extent that the state board or a participating district determines the~~  
11 ~~moneys are expended to mitigate or remediate the harm caused by~~  
12 ~~the type of motor vehicle on which the fee is imposed.~~

13 (b) (1) ~~Except as provided for in paragraph (2), of the revenue~~  
14 ~~generated by the remaining six dollars (\$6) of the fee, four dollars~~  
15 ~~(\$4) shall be deposited in the account created by Section 44091,~~  
16 ~~while the revenue generated by the remaining two dollars (\$2)~~  
17 ~~shall be deposited in the Vehicle Inspection and Repair Fund.~~

18 (2) ~~All revenue generated by the remaining six dollars (\$6) of~~  
19 ~~the fee described in this subdivision that is imposed at first~~  
20 ~~registration of a motor vehicle and that is exempted under~~  
21 ~~paragraph (4) of subdivision (a) of Section 44011 shall be deposited~~  
22 ~~in the account created by Section 44091.~~

23 *SEC. 6. Article 11 (commencing with Section 44125) is added*  
24 *to Chapter 5 of Part 5 of Division 26 of the Health and Safety*  
25 *Code, to read:*

26  
27 *Article 11. Fleet Modernization Program*

28  
29 *44125. The state board may create by regulation an enhanced*  
30 *voluntary fleet modernization program to compensate vehicle*  
31 *owners that voluntarily retire or replace passenger cars or*  
32 *light-duty trucks that are high polluters, as defined in Section*  
33 *44090.*

34 *SEC. 7. Chapter 8.9 (commencing with Section 44270) is added*  
35 *to Part 5 of Division 26 of the Health and Safety Code, to read:*

1        *CHAPTER 8.9. CALIFORNIA ALTERNATIVE AND RENEWABLE*  
2        *FUEL, VEHICLE TECHNOLOGY, CLEAN AIR, AND CARBON*  
3        *REDUCTION ACT OF 2007*

4  
5        44270. This chapter shall be known, and may be cited, as the  
6        California Alternative and Renewable Fuel, Vehicle Technology,  
7        Clean Air, and Carbon Reduction Act of 2007.

8        44270.3. For the purposes of this chapter, the following terms  
9        have the following meanings:

10       (a) “Commission” means the State Energy Resources  
11       Conservation and Development Commission.

12       (b) “Full fuel-cycle assessment” or “life-cycle assessment”  
13       means evaluating and comparing the full environmental and health  
14       impacts of each step in the life cycle of a fuel, including, but not  
15       limited to, all of the following:

- 16       (1) Feedstock production, extraction, transport, and storage.
- 17       (2) Fuel production, distribution, transport, and storage.
- 18       (3) Vehicle operation, including refueling, combustion,  
19       conversion, permeation, and evaporation.

20       (c) “Vehicle technology” means any vehicle, boat, off-road  
21       equipment, or locomotive, or component thereof, including its  
22       engine, propulsion system, transmission, or construction materials.

23       44270.5. (a) The commission and the state board shall create  
24       an advisory body to help develop an investment plan to determine  
25       priorities and opportunities for the incentive programs created  
26       pursuant to this chapter. The plan shall describe how funding will  
27       complement existing public and private investments, including  
28       existing state programs that further the goals of this chapter. The  
29       plan shall be updated annually.

30       (b) Membership of the advisory body created pursuant to  
31       subdivision (a) shall include, but is not limited to, representatives  
32       of fuel and vehicle technology consortia, labor organizations,  
33       environmental organizations, community-based justice and public  
34       health organizations, recreational boaters, consumer advocates,  
35       academic institutions, workforce training groups, and private  
36       industry. The advisory body shall also include representatives  
37       from the Resources Agency, the Business, Transportation and  
38       Housing Agency, the Labor and Workforce Development Agency,  
39       and the California Environmental Protection Agency.

1 (c) *The advisory body shall meet periodically, and where*  
2 *appropriate, shall meet throughout the state to collect information*  
3 *necessary for the development of the plan.*

4 (d) *The advisory body may serve other functions as necessary*  
5 *to implement this chapter, including all of the following:*

6 (1) *Determine definitions of terms used in the provisions of this*  
7 *chapter for the administration of grant funds.*

8 (2) *Establish sustainability goals to ensure deployment projects*  
9 *on a full fuel-cycle assessment will not adversely impact the state*  
10 *natural resources, especially state and federal lands.*

11 (3) *Identify revenue streams for the programs created pursuant*  
12 *to this chapter.*

13 (4) *Other functions as determined by the commission and the*  
14 *state board.*

15 (e) *The commission shall provide staff to the advisory body and*  
16 *shall determine when and where the advisory body will meet.*

17 44271. (a) *The commission and the state board shall implement*  
18 *the Alternative and Renewable Fuel and Vehicle Technology*  
19 *Program and the Air Quality Improvement Program created by*  
20 *this chapter pursuant to a competitive process. The commission*  
21 *and the state board, in coordination with the advisory body created*  
22 *pursuant to Section 44270.5, shall establish guidelines for these*  
23 *programs, to be reviewed annually. The guidelines may provide*  
24 *preferences to those projects that maximize the goals of the*  
25 *programs.*

26 (b) *Guidelines for both the Alternative and Renewable Fuel and*  
27 *Vehicle Technology Program and the Air Quality Improvement*  
28 *Program shall be based on the following criteria, as appropriate:*

29 (1) *The project's ability to increase the state's ability to meet*  
30 *existing and future state climate change policy and low-carbon*  
31 *fuel standards, increase fuel diversity, reduce criteria air pollutants*  
32 *and air toxics, and reduce or avoid multimedia environmental*  
33 *impacts.*

34 (2) *The project's ability to decrease, on a life-cycle basis, the*  
35 *emissions of water pollutants or any other substances known to*  
36 *damage human health or the environment, in comparison to the*  
37 *production and use of California Phase 2 Reformulated Gasoline*  
38 *or diesel fuel produced and sold pursuant to California diesel fuel*  
39 *regulations set forth in Article 2 (commencing with Section 2280)*

1 of Chapter 5 of Division 3 of Title 13 of the California Code of  
2 Regulations.

3 (3) The project is not required to be undertaken pursuant to  
4 state or federal law.

5 (4) The project does not adversely impact the state's natural  
6 resources, especially state and federal lands, and is consistent  
7 with the sustainability goals set by the advisory body created  
8 pursuant to Section 44270.5. Eligible biomass projects shall not  
9 be derived from environmentally sensitive lands protected by state  
10 or federal law.

11 (5) The project provides nonstate matching funds.

12 (6) The project demonstrates an ability to provide transformative  
13 technology advancements for fuels, vehicles, vessels, engines, and  
14 other equipment.

15 (7) The project demonstrates the ability to develop innovative  
16 new technology.

17 (8) The project promotes California-based technology firms.

18 (9) The project's use of existing or proposed fueling  
19 infrastructure to maximize the outcome of the project.

20 (10) The project's ability to reduce life-cycle impacts and costs  
21 associated with fuel and vehicles.

22 (11) The project's ability to reduce on a life-cycle assessment  
23 greenhouse gas emissions by at least 10 percent, and higher  
24 percentages in the future, from current fuel standards (California  
25 Phase 2 Reformulated Gasoline or Article 2 (commencing with  
26 Section 2280) of Chapter 5 of Division 3 of Title 13 of the  
27 California Code of Regulations).

28 (12) The project's use of alternative fuel blends of at least 20  
29 percent, and higher blend ratios in the future, with a preference  
30 for projects with higher blends.

31 (13) The project's ability to drive new technology advancement  
32 for vehicles, vessels, engines, and other equipment, and promote  
33 the deployment of that technology in the marketplace. The  
34 guidelines shall not allow funds to be expended for existing  
35 commercialized technologies.

36 (c) The guidelines for both the Alternative and Renewable Fuel  
37 and Vehicle Technology Program and the Air Quality Improvement  
38 Program shall include all of the following requirements:

39 (1) That activities undertaken pursuant to the programs  
40 complement, and do not interfere with, efforts to achieve and

1 *maintain federal and state ambient air quality standards and to*  
2 *reduce toxic air contaminant emissions.*

3 *(2) That activities undertaken pursuant to the programs maintain*  
4 *or improve, to the extent feasible, upon emission reductions and*  
5 *air quality benefits in the State Implementation Plan for Ozone,*  
6 *California Phase 2 Reformulated Gasoline standards, and diesel*  
7 *fuel regulations.*

8 *(3) That the results of the reduction in emissions or benefits can*  
9 *be measured and quantified.*

10 44272. *(a) The Alternative and Renewable Fuel and Vehicle*  
11 *Technology Program is hereby created to be administered by the*  
12 *commission in partnership with the state board.*

13 *(b) The program shall provide, upon appropriation by the*  
14 *Legislature, competitive grants, revolving loans, loan guarantees,*  
15 *or loans, or all of these, to public agencies, vehicle and technology*  
16 *consortia, California-based businesses and projects, public-private*  
17 *partnerships, workforce training partnerships, fleet owners,*  
18 *consumers, recreational boaters, and academic institutions to*  
19 *develop and deploy innovative technologies that transform*  
20 *California's fuel and vehicle types to help attain the state's climate*  
21 *change policies, without adopting any one preferred fuel or*  
22 *technology. All of the following shall be eligible for funding:*

23 *(1) Alternative and renewable fuel research and development*  
24 *projects to improve and develop alternative and low-carbon fuels,*  
25 *including electricity, ethanol, dimethyl ether, renewable diesel,*  
26 *natural gas, and biomethane, among others, and their feedstocks*  
27 *that have high potential for long-term or short-term*  
28 *commercialization, including research that leads to sustainable*  
29 *feedstocks.*

30 *(2) Alternative and renewable fuel deployment projects that*  
31 *optimize fuels for existing and developing engine technologies,*  
32 *production of alternative and low-carbon fuels in California, and*  
33 *development of less carbon intensive processes for current fuels.*

34 *(3) Technology deployment projects to decrease the overall*  
35 *impact of a fuel's life-cycle assessment carbon footprint and*  
36 *increase sustainability.*

37 *(4) Alternative and renewable fuel infrastructure, fueling*  
38 *stations, and equipment incentive projects, including revolving*  
39 *loans and grants to small- and medium-sized businesses for these*  
40 *purposes.*

1 (5) *Alternative and renewable fuel and efficient vehicle*  
2 *technology research development projects for the improvement*  
3 *and development of light-, medium-, and heavy-duty vehicle*  
4 *technologies that provide for better fuel efficiency, alternative fuel*  
5 *usage and storage, or emission reductions, including propulsion*  
6 *systems, light-weight materials, energy storage, control systems*  
7 *and system integration, physical measurement and metering*  
8 *systems and software, development of design standards and testing*  
9 *and certification protocols, battery recycling and reuse, engine*  
10 *optimization with a target particularly for renewable and*  
11 *low-carbon fuels, electronic and electrified components, hybrid*  
12 *technology, plug-in hybrid technology, and fuel cell technology.*

13 (6) *Alternative and renewable fuel and efficient vehicle*  
14 *technology deployment programs and projects for the*  
15 *demonstration and deployment of vehicle technologies in California*  
16 *that accelerate the commercialization of vehicle technology,*  
17 *including buy-down programs for near-market and market-path*  
18 *deployments, advanced technology warranty or replacement*  
19 *insurance, development of market niches, and supply-chain*  
20 *development.*

21 (7) *Revolving loans, loan guarantees, or interest rate buy-down*  
22 *programs to small- and medium-size businesses for medium- and*  
23 *heavy-duty and nonroad vehicle fleets to retrofit existing fleets*  
24 *with technologies that create higher fuel efficiencies, including*  
25 *alternative fuel vehicles and technologies, idle management*  
26 *technology, and aerodynamic retrofits that decrease fuel*  
27 *consumption.*

28 (8) *Alternative fuel and electric infrastructure projects that*  
29 *promote infrastructure development connected with existing fleets,*  
30 *public transit, and existing transportation corridors, including*  
31 *physical measurement or metering equipment.*

32 (9) *Workforce training programs related to energy feedstock*  
33 *production and extraction, renewable fuel production, distribution,*  
34 *transport, and storage, high-performance and low-emission vehicle*  
35 *technology and high tower electronics, automotive computer*  
36 *systems, mass transit fleet conversion, servicing, and maintenance,*  
37 *and other sectors or occupations related to the purposes of this*  
38 *chapter.*

1 (10) Block grants administered by not-for-profit technology  
2 consortia for multiple projects, education and program promotion  
3 within California, and development of technology centers.

4 44273. (a) The Alternative and Renewable Fuel and Vehicle  
5 Technology Fund is hereby created in the State Treasury, to be  
6 administered by the commission. The moneys in the fund, upon  
7 appropriation by the Legislature, shall be expended by the  
8 commission to implement the Alternative and Renewable Fuel and  
9 Vehicle Technology Program in accordance with the provisions  
10 of this chapter.

11 (b) (1) For the purposes of this subdivision, “Williams  
12 settlement funds” means any moneys obtained, and any interest  
13 generated on the moneys, through the settlement of litigation with  
14 The Williams Companies, Inc. and Williams Energy Marketing &  
15 Trading Company, made and entered into as of November 11,  
16 2002.

17 (2) Notwithstanding Section 16428.3 of the Government Code  
18 and any other provision of law, of the Williams settlement funds  
19 deposited in the Ratepayer Relief Fund, the sum of thirty million  
20 dollars (\$30,000,000) is hereby transferred to the Alternative and  
21 Renewable Fuel and Vehicle Technology Fund.

22 (c) The sum of six million five hundred thousand dollars  
23 (\$6,500,000) is hereby transferred from the Motor Vehicle Account  
24 in the State Transportation Fund to the Alternative and Renewable  
25 Fuel and Vehicle Technology Fund.

26 (d) Notwithstanding any other provision of law, the sum of five  
27 million dollars (\$5,000,000) shall be transferred annually from  
28 the Public Interest Research, Development, and Demonstration  
29 Fund created by Section 384 of the Public Utilities Code to the  
30 Alternative and Renewable Fuel and Vehicle Technology Fund.  
31 Prior to the award of any funds from this source, the commission  
32 shall make a determination that the proposed project will provide  
33 benefits to electric or natural gas ratepayers based upon the  
34 commission’s adopted criteria.

35 44274. (a) The Air Quality Improvement Program is hereby  
36 created to be administered by the state board to fund, upon  
37 appropriation by the Legislature, air quality improvement projects  
38 relating to fuel and vehicle technologies. The primary purpose of  
39 the program shall be to fund projects to reduce criteria air  
40 pollutants, improve air quality, and provide funding for research

1 to determine and improve the air quality impacts of alternative  
2 transportation fuels and vehicles, vessels, and equipment  
3 technologies.

4 (b) Projects proposed for funding pursuant to subdivision (a)  
5 shall be evaluated based on their proposed or potential reduction  
6 of criteria air pollutants, cost-effectiveness, contribution to  
7 regional air quality improvement, and their ability to promote the  
8 use of clean alternative fuels and vehicle technologies as  
9 determined by the state board in coordination with the commission.

10 (c) The program shall be limited to competitive grants. Projects  
11 to be funded include all of the following:

12 (1) Off-road equipment projects that contemplate action not  
13 required by control measures adopted by the state board or any  
14 other laws to mitigate for criteria air pollutant and toxic air  
15 contaminant emissions.

16 (2) Projects that provide mitigation for off-road gasoline exhaust  
17 and evaporative emissions not currently regulated by the state  
18 board.

19 (3) Projects that provide research to determine the air quality  
20 impacts of alternative fuels and projects that study the life-cycle  
21 impacts of alternative fuels and conventional fuels, the emissions  
22 of biofuel and advanced reformulated gasoline mixes, and air  
23 pollution improvements and control technologies for use with  
24 alternative fuels and vehicles.

25 (4) Projects that augment the University of California's  
26 agricultural experiment station and cooperative extension  
27 programs for research to increase sustainable biofuels production  
28 and improve the collection of biomass feedstock.

29 (5) Incentives for small off-road equipment replacement to  
30 encourage consumers to replace internal combustion engine lawn  
31 and garden equipment.

32 (6) Incentives for medium- and heavy-duty vehicles and  
33 equipment mitigation, including all of the following:

34 (A) Lower emission schoolbus programs.

35 (B) Electric, hybrid, and plug-in hybrid on- and off-road  
36 medium- and heavy-duty equipment.

37 (C) Regional air quality improvement and attainment programs  
38 to assess the most impacted regions of the state.

39 (7) Workforce training initiatives related to advanced energy  
40 technology designed to reduce air pollution, including

1 *state-of-the-art equipment and goods, and new processes and*  
2 *systems. Workforce training initiatives funded shall be broad-based*  
3 *partnerships that leverage other public and private job training*  
4 *programs and resources. These partnerships may include, though*  
5 *not be limited to, employers, labor unions, labor-management*  
6 *partnerships, community organizations, workforce investment*  
7 *boards, postsecondary education providers including community*  
8 *colleges, and economic development agencies.*

9 *(d) The Air Quality Improvement Program may be used to*  
10 *augment the program created by Article 10 (commencing with*  
11 *Section 44100) of Chapter 5.*

12 *44274.5. The Air Quality Improvement Fund is hereby created*  
13 *in the State Treasury, to be administered by the state board. The*  
14 *moneys in the Air Quality Improvement Fund, upon appropriation*  
15 *by the Legislature, shall be expended by the state board in*  
16 *accordance with the provisions of this chapter to implement the*  
17 *Air Quality Improvement Program.*

18 ~~SEC. 7.~~

19 *SEC. 8. Section 9250 of the Vehicle Code is amended to read:*

20 *9250. (a) A registration fee of ~~thirty-three dollars (\$33)~~*  
21 *thirty-four dollars (\$34) shall be paid to the department for the*  
22 *registration of every vehicle or trailer coach of a type subject to*  
23 *registration under this code, except those vehicles that are expressly*  
24 *exempted under this code from the payment of registration fees.*

25 *(b) The registration fee imposed under this section applies to*  
26 *all vehicles described in Section 5004, whether or not special*  
27 *identification plates are issued to that vehicle.*

28 *(c) Trailer coaches are subject to the fee provided in subdivision*  
29 *(a) for each unit of the trailer coach.*

30 *(d) This section applies to all of the following:*

31 *(1) The initial or original registration, on or after January 1,*  
32 *2004, of any vehicle not previously registered in this state.*

33 *(2) The renewal of registration of any vehicle for which the*  
34 *registration period expires on or after January 1, 2004, regardless*  
35 *of whether a renewal application was mailed to the registered*  
36 *owner prior to January 1, 2004.*

37 *(3) Any renewal of a registration that expired on or before*  
38 *December 31, 2003, but for which the fees are not paid until on*  
39 *or after January 1, 2004.*

1 (e) Notwithstanding any other provision of law, of the total  
 2 amount of each fee collected pursuant to subdivision (a), ~~two~~  
 3 ~~dollars (\$2) shall be deposited into the Alternative and Renewable~~  
 4 ~~Fuel, Vehicle Technology, Carbon Reduction, and Clean Air Fund~~  
 5 *three dollars (\$3) shall be deposited into the Alternative and*  
 6 *Renewable Fuel and Vehicle Technology Fund* created by Section  
 7 44273 of the Health and Safety Code.

8 (f) This section shall remain in effect only until January 1, 2016,  
 9 and as of that date is repealed, unless a later enacted statute, that  
 10 is enacted before January 1, 2016, deletes or extends that date.

11 ~~SEC. 8:~~

12 *SEC. 9.* Section 9250 is added to the Vehicle Code, to read:

13 9250. (a) A registration fee of thirty-one dollars (\$31) shall  
 14 be paid to the department for the registration of every vehicle or  
 15 trailer coach of a type subject to registration under this code, except  
 16 those vehicles that are expressly exempted under this code from  
 17 the payment of registration fees.

18 (b) The registration fee imposed under this section applies to  
 19 all vehicles described in Section 5004, whether or not special  
 20 identification plates are issued to that vehicle.

21 (c) Trailer coaches are subject to the fee provided in subdivision  
 22 (a) for each unit of the trailer coach.

23 (d) This section applies to all of the following:

24 (1) The initial or original registration, on or after January 1,  
 25 2004, of any vehicle not previously registered in this state.

26 (2) The renewal of registration of any vehicle for which the  
 27 registration period expires on or after January 1, 2004, regardless  
 28 of whether a renewal application was mailed to the registered  
 29 owner prior to January 1, 2004.

30 (3) Any renewal of a registration that expired on or before  
 31 December 31, 2003, but for which the fees are not paid until on  
 32 or after January 1, 2004.

33 (e) This section shall become operative on January 1, 2016.

34 ~~SEC. 9:~~

35 *SEC. 10.* Section 9261 of the Vehicle Code is amended to read:

36 9261. (a) A service fee of twenty dollars (\$20) shall be paid  
 37 for an identification plate issued pursuant to Section 5014. Publicly  
 38 owned special construction equipment, cemetery equipment, special  
 39 mobile equipment, logging vehicles, and implements of husbandry  
 40 are exempt from the service charge.

1 (b) A service fee of twenty dollars (\$20) shall be paid for an  
2 identification plate issued pursuant to Section 5016.5.

3 (c) Upon application for the transfer of interest of an owner in  
4 a piece of equipment, vehicle, or implement of husbandry identified  
5 pursuant to Section 5014, the transferee shall pay a fee of twenty  
6 dollars (\$20).

7 (d) A fee of twenty dollars (\$20) shall be paid upon the renewal  
8 of an identification plate issued pursuant to Section 5014 or 5016.5.

9 (e) Notwithstanding any other provision of law, of the total  
10 amount of each fee collected pursuant to this section, five dollars  
11 (\$5) shall be deposited into the ~~Alternative and Renewable Fuel,  
12 Vehicle Technology, Carbon Reduction, and Clean Air Fund~~  
13 *Alternative and Renewable Fuel and Vehicle Technology Fund*  
14 created by Section 44273 of the Health and Safety Code.

15 (f) This section shall remain in effect only until January 1, 2016,  
16 and as of that date is repealed, unless a later enacted statute, that  
17 is enacted before January 1, 2016, deletes or extends that date.

18 ~~SEC. 10.~~

19 *SEC. 11.* Section 9261 is added to the Vehicle Code, to read:

20 9261. (a) A service fee of fifteen dollars (\$15) shall be paid  
21 for an identification plate issued pursuant to Section 5014. Publicly  
22 owned special construction equipment, cemetery equipment, special  
23 mobile equipment, logging vehicles, and implements of husbandry  
24 are exempt from the service charge.

25 (b) A service fee of fifteen dollars (\$15) shall be paid for an  
26 identification plate issued pursuant to Section 5016.5.

27 (c) Upon application for the transfer of interest of an owner in  
28 a piece of equipment, vehicle, or implement of husbandry identified  
29 pursuant to Section 5014, the transferee shall pay a fee of fifteen  
30 dollars (\$15).

31 (d) A fee of fifteen dollars (\$15) shall be paid upon the renewal  
32 of an identification plate issued pursuant to Section 5014 or 5016.5.

33 (e) This section shall become operative on January 1, 2016.

34 ~~SEC. 11.~~

35 *SEC. 12.* Section 9853 of the Vehicle Code is amended to read:

36 9853. (a) The owner of each vessel requiring numbering by  
37 this state shall file an initial application for a number with the  
38 department or with an agent authorized by the department on forms  
39 approved by the department. The forms shall be prepared in  
40 cooperation with the Department of Boating and Waterways. The

1 application shall contain the true name and address of the owner  
2 and of the legal owner, if any, and the hull identification number  
3 of the vessel as may be required by the department. The application  
4 shall be signed by the owner of the vessel and shall be accompanied  
5 by a fee of nine dollars (\$9), in addition to the fees required under  
6 subdivision (b), except that an owner of a vessel registered outside  
7 this state who is submitting an application for registration in this  
8 state shall pay a fee of thirty-seven dollars (\$37), in addition to  
9 the fees required under subdivision (b).

10 (b) (1) Whenever the fee for original registration of a vessel  
11 becomes due between January 1 and December 31 of any  
12 even-numbered year, the application shall be accompanied by a  
13 fee of twenty dollars (\$20), in addition to any other fees that are  
14 then due and payable.

15 (2) Whenever the fee for original registration of a vessel  
16 becomes due, or is filed with the department, between January 1  
17 and December 31 of any odd-numbered year, the application shall  
18 be accompanied by a fee of forty dollars (\$40) in addition to any  
19 other fees that are then due and payable.

20 (c) Notwithstanding any other provision of law, of the total  
21 amount of each fee collected pursuant to paragraph (1) of  
22 subdivision (b), ten dollars (\$10) shall be deposited into the  
23 ~~Alternative and Renewable Fuel, Vehicle Technology, Carbon~~  
24 ~~Reduction, and Clean Air Fund~~ *Alternative an Renewable Fuel*  
25 *and Vehicle Technology Fund* created by Section 44273 of the  
26 Health and Safety Code. Notwithstanding any other provision of  
27 law, of the total amount of each fee collected pursuant to paragraph  
28 (2) of subdivision (b), twenty dollars (\$20) shall be deposited into  
29 the ~~Alternative and Renewable Fuel, Vehicle Technology, Carbon~~  
30 ~~Reduction, and Clean Air Fund~~ *Alternative an Renewable Fuel*  
31 *and Vehicle Technology Fund* created by Section 44273 of the  
32 Health and Safety Code.

33 (d) This section shall remain in effect only until January 1, 2016,  
34 and as of that date is repealed, unless a later enacted statute, that  
35 is enacted before January 1, 2016, deletes or extends that date.

36 ~~SEC. 12.~~

37 *SEC. 13.* Section 9853 is added to the Vehicle Code, to read:

38 9853. (a) The owner of each vessel requiring numbering by  
39 this state shall file an initial application for a number with the  
40 department or with an agent authorized by the department on forms

1 approved by the department. The forms shall be prepared in  
 2 cooperation with the Department of Boating and Waterways. The  
 3 application shall contain the true name and address of the owner  
 4 and of the legal owner, if any, and the hull identification number  
 5 of the vessel as may be required by the department. The application  
 6 shall be signed by the owner of the vessel and shall be accompanied  
 7 by a fee of nine dollars (\$9), in addition to the fees required under  
 8 subdivision (b), except that an owner of a vessel registered outside  
 9 this state who is submitting an application for registration in this  
 10 state shall pay a fee of thirty-seven dollars (\$37), in addition to  
 11 the fees required under subdivision (b).

12 (b) (1) Whenever the fee for original registration of a vessel  
 13 becomes due between January 1 and December 31 of any  
 14 even-numbered year, the application shall be accompanied by a  
 15 fee of ten dollars (\$10), in addition to any other fees that are then  
 16 due and payable.

17 (2) Whenever the fee for original registration of a vessel  
 18 becomes due, or is filed with the department, between January 1  
 19 and December 31 of any odd-numbered year, the application shall  
 20 be accompanied by a fee of twenty dollars (\$20) in addition to any  
 21 other fees that are then due and payable.

22 (c) This section shall become operative on January 1, 2016.

23 ~~SEC. 13. Section 14900 of the Vehicle Code is amended to~~  
 24 ~~read:~~

25 ~~14900. (a) Upon application for an original class C or M~~  
 26 ~~driver's license, there shall be paid to the department a fee of~~  
 27 ~~twenty-five dollars (\$25) for a license that will expire on the fifth~~  
 28 ~~birthday of the applicant following the date of the application. The~~  
 29 ~~payment of the fee entitles the person paying the fee to apply for~~  
 30 ~~a driver's license and to take three examinations within a period~~  
 31 ~~of 12 months from the date of the application or during the period~~  
 32 ~~that an instruction permit is valid, as provided in Section 12509.~~

33 ~~(b) In addition to the application fee specified in subdivision~~  
 34 ~~(a), a person who fails to successfully complete the driving skill~~  
 35 ~~test on the first attempt shall be required to pay an additional fee~~  
 36 ~~of five dollars (\$5) for each additional driving skill test~~  
 37 ~~administered under that application.~~

38 ~~(c) The fee specified in subdivision (b) shall be collected in~~  
 39 ~~conjunction with any application submitted on or after July 1,~~  
 40 ~~2003.~~

1 ~~(d) Notwithstanding any other provision of law, of the total~~  
2 ~~amount of each fee collected pursuant to subdivision (a), one dollar~~  
3 ~~(\$1) shall be deposited into the Alternative and Renewable Fuel,~~  
4 ~~Vehicle Technology, Carbon Reduction, and Clean Air Fund~~  
5 ~~created by Section 44273 of the Health and Safety Code.~~

6 ~~(e) This section shall remain in effect only until January 1, 2016,~~  
7 ~~and as of that date is repealed, unless a later enacted statute, that~~  
8 ~~is enacted before January 1, 2016, deletes or extends that date.~~

9 ~~SEC. 14. Section 14900 is added to the Vehicle Code, to read:~~

10 ~~14900. (a) Upon application for an original class C or M~~  
11 ~~driver's license, there shall be paid to the department a fee of~~  
12 ~~twenty-four dollars (\$24) for a license that will expire on the fifth~~  
13 ~~birthday of the applicant following the date of the application. The~~  
14 ~~payment of the fee entitles the person paying the fee to apply for~~  
15 ~~a driver's license and to take three examinations within a period~~  
16 ~~of 12 months from the date of the application or during the period~~  
17 ~~that an instruction permit is valid, as provided in Section 12509.~~

18 ~~(b) In addition to the application fee specified in subdivision~~  
19 ~~(a), a person who fails to successfully complete the driving skill~~  
20 ~~test on the first attempt shall be required to pay an additional fee~~  
21 ~~of five dollars (\$5) for each additional driving skill test~~  
22 ~~administered under that application.~~

23 ~~(c) The fee specified in subdivision (b) shall be collected in~~  
24 ~~conjunction with any application submitted on or after July 1,~~  
25 ~~2003.~~

26 ~~(d) This section shall become operative on January 1, 2016.~~

27 ~~SEC. 15. Section 14900.1 of the Vehicle Code is amended to~~  
28 ~~read:~~

29 ~~14900.1. (a) Except as provided in Sections 15250.6 and~~  
30 ~~15255.1, upon application for the renewal of a driver's license or~~  
31 ~~for a license to operate a different class of vehicle, there shall be~~  
32 ~~paid to the department a fee of twenty-five dollars (\$25) for a~~  
33 ~~license that will expire on the fifth birthday of the applicant~~  
34 ~~following the date of the application. The payment of the fee~~  
35 ~~entitles the person paying the fee to apply for a driver's license~~  
36 ~~and to take three examinations within a period of 12 months from~~  
37 ~~the date of the application or during the period that an instruction~~  
38 ~~permit is valid, as provided in Section 12509.~~

39 ~~(b) In addition to the application fee specified in subdivision~~  
40 ~~(a), a person who fails to successfully complete the driving skill~~

1 test on the first attempt shall be required to pay an additional fee  
2 of five dollars (\$5) for each additional driving skill test  
3 administered under that application.

4 (e) The fee specified in subdivision (b) shall be collected in  
5 conjunction with any application submitted on or after July 1,  
6 2003.

7 (d) Notwithstanding any other provision of law, of the total  
8 amount of each fee collected pursuant to subdivision (a), one dollar  
9 (\$1) shall be deposited into the Alternative and Renewable Fuel,  
10 Vehicle Technology, Carbon Reduction, and Clean Air Fund  
11 created by Section 44273 of the Health and Safety Code.

12 (e) This section shall remain in effect only until January 1, 2016,  
13 and as of that date is repealed, unless a later enacted statute, that  
14 is enacted before January 1, 2016, deletes or extends that date.

15 SEC. 16. Section 14900.1 is added to the Vehicle Code, to  
16 read:

17 14900.1. (a) Except as provided in Sections 15250.6 and  
18 15255.1, upon application for the renewal of a driver's license or  
19 for a license to operate a different class of vehicle, there shall be  
20 paid to the department a fee of twenty-four dollars (\$24) for a  
21 license that will expire on the fifth birthday of the applicant  
22 following the date of the application. The payment of the fee  
23 entitles the person paying the fee to apply for a driver's license  
24 and to take three examinations within a period of 12 months from  
25 the date of the application or during the period that an instruction  
26 permit is valid, as provided in Section 12509.

27 (b) In addition to the application fee specified in subdivision  
28 (a), a person who fails to successfully complete the driving skill  
29 test on the first attempt shall be required to pay an additional fee  
30 of five dollars (\$5) for each additional driving skill test  
31 administered under that application.

32 (c) The fee specified in subdivision (b) shall be collected in  
33 conjunction with any application submitted on or after July 1,  
34 2003.

35 (d) This section shall become operative on January 1, 2016.